

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	§	Chapter 11
AZURE MIDSTREAM PARTNERS, LP, <i>et al.</i> ,	§	§	Case No. 17-30461 (DRJ)
	§	§	Jointly Administered
Debtors. ¹	§	§	
	§	§	

**NOTICE OF SUCCESSFUL BID AND BACK-UP BID IN
CONNECTION WITH SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS**

PLEASE TAKE NOTICE that, on February 23, 2017, the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court") entered an order [Dkt. No. 116] (the "Bid Procedures Order")² approving certain procedures (the "Bid Procedures") in connection with the sale of substantially all of the Debtors' assets (the "Assets").

PLEASE TAKE FURTHER NOTICE that the Bid Procedures Order approved (i) a purchase and sale agreement submitted by M5 Midstream LLC (the "Stalking Horse Bidder"), representing a binding bid for the Assets, subject to overbid, of approximately \$151,100,000.00, subject to certain adjustments (the "Stalking Horse Purchase Price") and (ii)

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: Azure Midstream Partners, LP (7595), Azure ETG, LLC (3388), Azure Holdings GP, LLC (0537), Azure Midstream Partners GP, LLC (8089), Azure TGG, LLC (6233), Marlin G&P I, LLC (6073), Marlin Logistics, LLC (8460), Marlin Midstream Finance Corp. (0130), Marlin Midstream, LLC (2587), Murvaul Gas Gathering, LLC (0826), Talco Midstream Assets, Ltd. (7004), and Turkey Creek Pipeline, LLC (1161).

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bid Procedures. Any summary of the Bid Procedures Order or the Bid Procedures contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control.

a break-up fee and a capped expense reimbursement payable to the Stalking Horse Bidder (the “**Bid Protections**”).

PLEASE TAKE FURTHER NOTICE that, on March 6, 2017, BTA Gathering LLC (“**BTA**”), a wholly owned subsidiary of Enterprise Products Operating LLC (“**Enterprise**”), submitted a competing bid for the Assets, which the Debtors, in consultation with their advisors and the advisors to Wells Fargo Bank, N.A., as administrative agent under that certain Credit Agreement dated as of February 27, 2015 (the “**Administrative Agent**”), deemed a “Qualified Bid” pursuant to the Bid Procedures.

PLEASE TAKE FURTHER NOTICE that, in accordance with the Bid Procedures, the Debtors conducted an auction (the “**Auction**”) for the sale of the Assets, commencing on March 10, 2017 at 9:00 a.m. (prevailing Central Time).

PLEASE TAKE FURTHER NOTICE that, at the conclusion of the Auction, the Debtors, in consultation with their advisors and the advisors to the Administrative Agent, selected the final bid submitted at the Auction by BTA for a purchase price of \$189,000,000.00 subject to customary purchase price adjustment (the “**Successful Bid**”) with BTA serving as the successful bidder (the “**Successful Bidder**”). Net of any Bid Protections due to the Stalking Horse Bidder, the Successful Bid represents an approximately 21% increase over the bid submitted by the Stalking Horse Bidder at the time the Bid Procedures Order was entered.

PLEASE TAKE FURTHER NOTICE that, as of December 31, 2016, based on publicly available filings filed with the Securities and Exchange Commission, BTA and its affiliates had \$3.78 billion of consolidated liquidity and had sufficient cash on hand to consummate the purchase of the Assets without any financing contingencies. Further, Enterprise has guaranteed the payment and performance of BTA’s obligations with respect the purchase of

the Assets, including any obligations relating to the assumption of executory contracts or unexpired leases. Accordingly, the Debtors assert that BTA has sufficiently established adequate assurance of future performance with respect to any assumed contracts and assumed leases in accordance with 11 U.S.C. § 365.

PLEASE TAKE FURTHER NOTICE that, in accordance with the Bid Procedures, the Debtors, in consultation with their advisors and the advisors to the Administrative Agent, selected the final bid submitted at the Auction by the Stalking Horse Bidder for a purchase price of \$188,000,000.00, and otherwise on the same terms as the Successful Bid, as the back-up bid (the “**Back-Up Bid**”) with the Stalking Horse Bidder serving as the back-up bidder (the “**Back-Up Bidder**”).

PLEASE TAKE FURTHER NOTICE that, the Sale Hearing to consider approval of the sale of the Assets to BTA, free and clear of all liens, claims, interests, and encumbrances in accordance with 11 U.S.C. § 363(f), will be held before the Honorable David R. Jones of the United States Bankruptcy Court for the Southern District of Texas, at 515 Rusk Street, Courtroom 400, Houston, Texas 77002 on March 15, 2017 at 10:30 a.m. (prevailing Central Time) (the “**Sale Hearing**”).

PLEASE TAKE FURTHER NOTICE THAT, at the Sale Hearing, the Debtors will seek Bankruptcy Court approval of the Successful Bid and the Back-Up Bid. Unless the Bankruptcy Court orders otherwise, the Sale Hearing shall be an evidentiary hearing on matters relating to the Sale and there will be no further bidding at the Sale Hearing. In the event that BTA cannot or refuses to consummate the sale of the Assets because of a breach or failure on the part of the BTA, the Back-up Bidder will be deemed the Successful Bidder and the Debtors shall

be authorized, but not required, to close with the Back-Up Bidder on the Back-Up Bid without further order of the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that any objections to the assumption or assignment of any executory contract or unexpired lease in connection with the sale of the Assets, or any notices, pleadings, or documents otherwise related to the sale of the Assets, should be served on Andrews Kurth LLP, 600 Travis, Suite 4200, Houston, TX 77002 (Attn: Robin Russell) as counsel to the Successful Bidder.

PLEASE TAKE FURTHER NOTICE that, the Bid Procedures Order, the Bid Procedures, and this notice, may be examined by interested parties free of charge at the website established for these Chapter 11 Cases by the Debtors' court-approved claims and noticing agent, Kurtzman Carson Consultants LLC at <http://kccllc.net/azuremlp>.

Dated: March 10, 2017
Houston, Texas

/s/ Christopher M. López

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